

AGAINST A STATE INSURANCE PLAN.

The British Columbia government has lately been dickering with a workmen's compensation scheme on Ontario's socialistic, monopolistic and assessment plan, but has now apparently decided to look into the merits of Manitoba's new arrangements before coming to a final decision. In connection with this matter, Mr. A. S. Mathew, a well-known casualty underwriter in British Columbia, has addressed a letter to the large employers in British Columbia against a state plan of workmen compensation after making a study of the attitude of many employers.

Briefly summarized, Mr. Mathew's points are as follows:

1. That practically all employers wanted insurance in stock insurance companies because under that plan they knew what the insurance would cost them, and all they had to do was to pay the premium and be done with it. The State Fund would be purely assessmentism—the Government could at any time levy assessments and the employers would never know what their outstanding liabilities were.

2. It was also pointed out that under the State plan there could not be any differentiation in regard to the individual hazard in each plant.

3. Under the State plan there would be an impossible situation created during a period of depression. The bill provides a life-long pension for each widow and for every man who is permanently incapacitated. These pensioners would be increasing day after day until in about five years a very large amount of money would have to be paid out in pensions. Each trade has to pay these pensions separately. When a period of depression occurs the pay rolls are very small, but still these pensioners have to be paid, under this Government plan.

4. It was further pointed out that this State plan would give rise to the creation of a large number of illegitimate limited liability companies with no assets, so that when any large assessments were made these illegitimate joint stock companies would simply wind up and thus escape these assessments. The burden would then fall on the responsible concerns, who would have to make up the deficiency.

UNCERTAINTY AS TO LIABILITIES.

5. Under the State plan, an employer could never know what his outstanding liabilities were. At any moment there might be a catastrophe in some other plant, and he would have to pay a huge assessment to meet the losses occasioned by this catastrophe. The greatest danger is the insidious, lurking danger. It is always hovering around, like Banquo's ghost. The result is that all these firms employing labor will be faced with this unknown liability for which they could not possibly provide any reserve, and the banks will, as a consequence, be chary of giving them financial accommodations. An unknown and incalculable danger of this description is enough to impair the financial credit of any institution.

6. If carried to its logical conclusion the invasion of private rights on the part of the Government would ultimately undermine, if not destroy altogether, not only the insurance business, but private enterprise of all kinds. It would throttle new

industries and scare away from the Province the additional capital that is so imperatively required to develop resources.

7. It is also pointed out that State insurance would be a very hazardous experiment. Wherever it has been tried it had failed miserably, but while the experiment had been going on it has created chaos and demoralization.

QUEBEC RESIDENT AGENTS BILL.

The following is the text of the resident insurance agents' bill recently before the Quebec legislature:—

His Majesty, with the advice and consent of the Legislative Council and of the Legislative Assembly of Quebec, enacts as follows:

1. The Revised Statutes, 1909, are amended by inserting therein, after article 6961 thereof, new articles 6961a and 6961b, as follows:—

"6961a. No insurance agent shall do business as such in this Province who is not a *bona fide* resident of the Province.

"Nevertheless, the provisions of the first paragraph of this article shall not apply to an agent residing in any other province whose laws permit agents residing in this province to do business in such other province on the same terms and conditions as residents thereof.

"6961b. The words 'insurance agent' in this section shall include an acknowledged agent, sub-agent or any person, firm or corporation who shall in any manner transact the business of insurance by negotiating for, or placing risks, or delivering policies, or collecting premiums, but shall not include the officers and salaried employees of any insurance company who do not receive commissions."

"2. This Act shall come into force on the day of its sanction."

The bill is apparently the result of similar legislation in some of the other provinces.

LIFE COMPANIES AND THE NEW BRITISH BUDGET.

In the opinion of the London Insurance Record, one effect of the increased British income tax upon life insurance companies will be to diminish in popular favor with-profit policies. The diminution of profit from interest has been marked since the end of 1914, the increase in the income tax having cut very considerably into the margin between the rate assumed for valuation purposes and that actually earned.

On the other hand, it is thought likely the new Budget will encourage well-to-do people to place a larger proportion of their funds in life insurance, since the rebate on income tax which the insured may now obtain in respect of life premiums within the prescribed limits has been raised from 2s. 3d. to five shillings in the pound. The effect of this is that an Englishman with an income of over £2,000 pays only fifteen shillings for every pound's worth of assurance purchased, or considerably less in some cases, if income tax is taken into account.

A copy of the Pacific Underwriter's useful and well-arranged Insurance Chart for 1916 is to hand.